FILED
10-09-17
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Authorization to Recover Costs Related to the 2007 Southern California Wildfires Recorded in the Wildfire Expense Memorandum Account (WEMA).

Application 15-09-010

PACIFIC GAS AND ELECTRIC COMPANY
NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) hereby gives notice of the following *ex parte* communication. The applicable proceeding numbers are: A.15-09-010 and A.17-07-011. The ex parte communication occurred on Wednesday, October 4, 2017 at 11:00 AM and lasted approximately 30 minutes. The meeting took place at the offices of California Public Utilities Commission in San Francisco.

Meredith Allen, Senior Director, Regulatory Relations, PG&E, initiated the meeting with Rachel Peterson, Advisor to Commissioner Liane Randolph. Also in attendance for PG&E were Kevin Dasso, Vice President Electric Asset Management; and Janaize Markland, Director Enterprise Risk Management. Southern California Edison Company (SCE) also participated in the meeting. Attending for SCE were David Heller, Vice President Enterprise Risk Management and General Auditor; J. Eric Isken Assistant

General Counsel; and Laura Genao, Managing Director Regulatory Affairs. SCE representatives participated only in the first portion of the meeting lasting approximately 15 minutes, during which they addressed the issue of inverse condemnation as summarized in SCE's ex parte notice filed in A.15-09-010. SCE also used a handout, which is attached to its notice. PG&E's discussion during the second half of the meeting is summarized below.

Ms. Allen stated that PG&E would like to step back from the pending proposed decision in the SDG&E proceeding and discuss the broader implications of the decision. Ms. Allen explained that PG&E has filed an application to establish a Wildfire Expense Memorandum Account to track incremental unreimbursed wildfire liability costs.

Ms. Markland discussed PG&E's overall risk program stating that PG&E determines the drivers and develops the mitigations but there is no system that will mitigate all risks. Ms. Markland stated that PG&E purchases insurance to address these risks but the insurance market is changing. Ms. Markland explained that the insurers evaluate losses, California laws including inverse condemnation, the litigation dynamic and the higher property and medical costs in California. Ms. Markland discussed that given these factors, insurers are either deciding not to insure, placing more limitations on their coverage and/or significantly increasing the costs of their premiums. Ms. Markland also explained the global impact with the recent hurricanes and earthquakes.

Mr. Dasso explained the operational challenges of increasing wildfire risk with climate change, drought and the bark beetle infestation, all of which also increase the difficulty of containing fires when they occur. Mr. Dasso also explained that the recent precipitation has not mitigated this risk because of new vegetation growth that fuels the fires (i.e., ladder fuels). Mr. Dasso stated that California continues to have population growth in these fire risk areas. Mr. Dasso stated that PG&E's wildfire risk mitigation work is increasing and that tree removals are significantly higher than in the pre-drought years. Mr. Dasso explained that PG&E performs a probabilistic analysis to determine where and which fire mitigation programs should be deployed as will be described in PG&E's RAMP filing, but the risk can never be eliminated completely due to constantly changing conditions. Mr. Dasso also noted that a retrospective review of any incident will always identify activities that could have been addressed differently. PG&E actively looks for these opportunities and considers these findings in the spirit of continuous improvement.

Ms. Allen explained that the framework in the proposed decision is not sustainable and that there should not be a disproportionate disallowance of costs. The proposed decision's approach puts the utilities in an untenable situation given the insurance market, which is exacerbated by inverse condemnation decisions and the dramatically increasing wildfire risk. Ms. Allen discussed options for developing a better framework including by not establishing this precedent of disproportionately placing all of the risk on the utilities rather than spreading the costs.

Respectfully submitted,

/s/ Erik B. Jacobson

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Dated: October 9, 2017